



MEMORANDUM

FC 14 (01-02-07)

TO: Santa Clara Valley Water District Board of Directors

FROM: Directors Tony Estremera, Barbara Keegan, and Gary Kremen

SUBJECT: Suggested Waterfix Guiding Principles
Incorporated into a Resolution

DATE: October 13, 2017

As three members of the Board of Directors of the Santa Clara Valley Water District, we share the challenge and the difficulty of determining what the District's participation should be in the proposed WaterFix project. After consideration of many factors affecting our upcoming decisions about the WaterFix, we want to share our thoughts and recommend certain policy principles or conditions for supporting the WaterFix project.

Our mission at the District is to provide Silicon Valley with safe, clean, affordable water to support healthy lives, the environment, and economy. In so doing, the Board of Directors endeavors through our policies and actions to affirm to the residents of Silicon Valley that we are dependable stewards and that the Santa Clara Valley Water District can be trusted to provide clean, safe, affordable water, and guarantee our water supply for the future.

As we look at stabilizing our imported water supply (55% of Santa Clara County's supply, of which 40% is imported through the Delta), we understand that the residents of Silicon Valley want and need us to do so in a cost-effective manner while helping to restore the environment and habitat wherever possible. As such, we are jointly recommending seven guiding principles to ensure that our local interests are represented in the ongoing and future WaterFix discussions at the state level and among the water contractors. These principles are conditions for our affirmative decision for the District's participation in the proposed WaterFix.

Thus, we ask the Board to support the attached resolution and its binding guiding principles.

Attachment: Resolution No. 17 - , Conditional Support of California WaterFix

Directors Tony Estremera, Barbara Keegan, and Gary Kremen

Attachments: Resolution

sc:jmo

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17 -

CONDITIONAL SUPPORT OF CALIFORNIA WATERFIX

WHEREAS, our mission at the Santa Clara Valley Water District (District) is to provide Silicon Valley with safe, clean water to support healthy lives, the environment, and economy; and

WHEREAS, the Board of Directors endeavor through our policies and actions to affirm to the residents of Silicon Valley that we are dependable stewards and that the District can be trusted to provide clean, safe, affordable water, and guarantee our water supply for the future; and

WHEREAS, Santa Clara County relies on State Water Project (SWP) and Central Valley Project (CVP) water conveyed through the Sacramento-San Joaquin Bay-Delta (Delta) for 40 percent of its water supply on average; and

WHEREAS, imported water from the Delta and its watershed has played a significant role in recharging the County's groundwater basin, protecting against further land subsidence, and providing for the well-being of the citizens of Santa Clara County; and

WHEREAS, substantial local investments in water use efficiency and conservation, recycled water and groundwater management are essential but cannot cost-effectively replace imported water; and

WHEREAS, the District has long been committed to sustained reliable water supplies as well as environmental stewardship; and

WHEREAS, if no action is taken, the District's SWP and CVP supplies will be vulnerable to risks from declining ecosystem conditions, increasing regulatory restrictions, seismic risks, climate change and sea level rise, resulting in reduced water supply reliability for Santa Clara County; and

WHEREAS, the California Department of Water Resources (DWR) proposes to construct the California WaterFix, which consists of new intakes on the east bank of the Sacramento River in the northern Sacramento San Joaquin Delta, tunnel(s) connecting these intakes to a new, intermediate forebay, and tunnel(s) carrying water from this forebay to a new pumping plant connected to an expanded and modified Clifton Court Forebay; and

WHEREAS, the California WaterFix is a critical component of the California Water Action Plan, the State of California's blueprint for a "sustainable and resilient future"; and

WHEREAS, the California WaterFix has the potential to protect the District's water supply reliability by upgrading aging infrastructure, thereby reducing the vulnerability of SWP and CVP water supplies to seismic events in the Delta and climate change impacts; and

WHEREAS, the California WaterFix has the potential to improve access to transfer supplies and increase storage project yield while conveying water across the Delta in a way that is safer for the environment; and

WHEREAS, the SWP component of the WaterFix is defined such that benefits of the project would accrue to SWP participants, while the U.S. Bureau of Reclamation's proposed CVP participation approach does not provide sufficient assurances that WaterFix benefits will be realized by CVP participants; and

WHEREAS, on July 21, 2017, DWR certified the final environmental analysis for the California WaterFix and signed the Notice of Determination thereby approving California WaterFix as the proposed project under the California Environmental Quality Act.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, and order as follows:

1. That the Santa Clara Valley Water District hereby declares its conditional support for the California WaterFix and adopts the Guiding Principles, attached hereto as Attachment 1, for Participation in the California WaterFix; and
2. That the District's Directors and staff will use these Guiding Principles to shape the District's participation in the WaterFix Project, including evaluating the WaterFix project, identifying ways to meet the District's goals, and shaping the project development and any agreements necessary to secure the conditions needed for the District's support.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on October 17, 2017:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____

JOHN L. VARELA
Chair/Board of Directors

ATTEST:

Michele L. King, CMC
Clerk/Board of Directors

Attachment: Guiding Principles for Participation in the California WaterFix

Attachment 1
Guiding Principles for Participation in the
California WaterFix

Guiding Principle #1 – Santa Clara County needs are the primary drivers in all our decisions involving the WaterFix project.

Fresno, Huron, Southern California, Discovery Bay, Rio Vista and other places in California have important desires, but providing safe, clean, affordable water for the people, businesses, wildlife and habitat of *Santa Clara County* is our primary focus.

Guiding Principle #2 – We will not allow Silicon Valley values and priorities to be placed at a disadvantage relative to Central Valley Agriculture or Southern California.

We support a WaterFix project in which all parties pay their fair share and avoid cost shifting to urban users.

Santa Clara County rate payers and / or taxpayers should *pay no subsidies* to Central Valley Agriculture or Southern California water users.

Guiding Principle #3 – We are advocating for a flexible approach that addresses Silicon Valley stakeholder and community input.

We take public input seriously, having had over 50 agenda items at properly noticed, public meetings on the WaterFix project and the District's water master supply plan alone (see Appendix A for a partial list of such meetings).

We support a WaterFix project that provides for environmental protections for the Delta, that is part of an overall State effort to improve Delta habitat through, at a minimum, the EcoRestore program, and that takes into account climate change.

To quote from the recent *Baykeeper Issue Brief on the Delta Tunnels*:

“With a portfolio of science-based actions we can stabilize the Delta ecosystem to prevent fish extinctions while permitting sustainable water exports. Signs of hope and solutions include:

....

Reduction in tunnel scope to a single smaller tunnel. Several groups, including the Natural Resources Defense Council and the Public Policy Institute of California, have suggested that a single tunnel could help achieve the reliability and resiliency sought by water contractors while maintaining an engineered limit to diversions that would be less susceptible to over-extraction and abuse.”

Additionally, to quote Governor Brown in the LA Times on October 5th, 2017:

But Brown said Thursday that WaterFix could survive, albeit in a scaled-down version, without money from Westlands and other agricultural districts that receive delta supplies from the federal Central Valley Project.

“The project can be altered to reduce the costs if the federal contractors don’t want to be a part of it,” the governor said. “The state needs the water. We’re not going to commit suicide. We gotta have it.”

Given that Westlands Water District and certain other agriculture districts have declined to participate in the WaterFix project, we are supportive of a *lower-cost, scaled-down, and staged* project that is consistent with the existing environmental impact reports and other administrative proceedings. We support considering an approach that incorporates the following in the first stage of the project:

- a) One tunnel instead of the two tunnels;
- b) A reduced intake volume from the original 9,000 cubic feet per second;
- c) A reduced number of intakes on the Sacramento River;
- d) A project that incorporates and ensures less impacts on fisheries relative to current operations; and
- e) Allows Santa Clara Valley Water District elected officials to be actively involved as leaders in the governance of the WaterFix project to ensure the project is implemented appropriately and to prevent any Southern California water grab.

Any changes to the project that diverge from this principle must be brought before the board before any final agreement is announced.

Guiding Principle #4- As water is a human right, we must make investments to make sure our water supply meets future needs at a cost affordable by everyone

Our District believes in an “all-of-the-above approach” to water supply. We have significant ongoing investments in water conservation. We are looking seriously at highly purified (drinkable) water, recycled water, storm water capture, rain water capture, grey water usage, etc. We take into account the importance of local supplies and resiliency.

At the same time, the cost of water is an important consideration to our ratepayers and we believe that water is a basic human right. Of the options that produce a significant quantity of supply, our imported supply is the lowest cost per unit source available to the District, and a staged WaterFix project could help stabilize the increasing cost of our overall supply portfolio. The cost of water is a social justice issue; the WaterFix project would help keep down the cost of our water supply portfolio and make safe, clean water more affordable.

Consistent with this principle, our support of the WaterFix is conditioned on the per acre-foot cost remaining similar to current estimates.

Guiding Principle #5 – Equity and costs are important.

Those communities and / or organizations that pay SWP property taxes (funds) and receive on average 85% of their water supply from sources other than the District-managed supplies will receive, directly or indirectly and not exceeding the amount of SWP property tax paid, those funds back in the form of additional, incremental, dedicated, segregated funds exclusively for water conservation programs, recycled water, purified water, wastewater treatment plant environmental upgrades, Automatic Meter Infrastructure (AMI) updates, or dedicated environmental focused grants starting in FY 2019 until FY 2024. To unlock these additional, incremental, dedicated funds, the communities and organizations will be required to make at least 20% match of the District's contribution; otherwise the dedicated, segregated funds go back to the District by FY 2026.

Guiding Principle #6 – Any final arrangement must provide flexibility to acquire supplemental water by taking advantage of future wet years to ensure residents have a reliable water supply, no matter what extreme weather the changing climate brings.

The District supports the State Water Project WaterFix participation approach, which would allocate the benefits and costs of the WaterFix to the District in proportion to its current 2.5% level of participation in the State Water Project.

Additionally, the District shall commit to and / or purchase enough supplies from the project to replace the projected deficit in current imported water supplies over time, and to ensure against future uncertainty. More specifically, we commit to securing sufficient supplemental water supplies if they become available at a reasonable price to avoid a deficit in our water supply, with potentially additional investments to provide insurance against future uncertainty.

Simultaneously, it is critical that the WaterFix provide reliability for our CVP supplies as well as our SWP supplies and that both supplies can be moved through the WaterFix.

If we do not act, given competition for limited water supplies in California, undoubtedly, water made available through improvements in the State Water Project and the Bay-Delta will instead go to Central Valley Agriculture and Southern California.

Guiding Principle #7 – Keep negotiating for the best deal for Santa Clara County

Our final guiding principal is that staff shall continue participating in California WaterFix planning discussions with State and federal agencies as well as other prospective WaterFix participants, to further define the project, and to develop agreements to secure the conditions needed for the District's support.

Appendix A - Board Meeting Agenda Items regarding California WaterFix

1. May 10, 2011 - Overview of Delta Issues
2. August 26, 2011 (Board Workshop)- Secretary of California Natural Resources Agency, John Laird, and several representatives of environmental groups discussed the ecosystem restoration goal of the BDCP.
3. October 14, 2011 (Board Workshop) - Deputy Secretary of the California Natural Resources Agency, Gerald Meral, and several general managers of California water agencies discussed the water supply reliability goal of the BDCP.
4. March 28, 2012 (Board Workshop) - Several elected officials and residents of Delta counties discussed the in-Delta perspective on BDCP, along with perspectives from Senior Policy Fellow at the Public Policy Institute of California, Ellen Hanak.
5. May 15, 2012 (Board Agenda Item)- Staff prepared a BDCP update following release of the preliminary administrative draft of the BDCP.
6. August 7, 2012 (Board Agenda Item) - Following the July 25th announcement by the Governor and Obama Administration on key elements of the BDCP proposed project, staff provided an update on the Bay Delta Conservation Plan and results of an opinion survey.
7. February 26, 2013 – (Board Agenda Item) Prior to the release of the second Administrative Draft of the BDCP, staff provided an update on the BDCP and established a Board Ad Hoc Committee to assist the Board with developing policies relating to the District's engagement in the BDCP.
8. October 11, 2013 (Board Workshop)- Director of California Department of Water Resources, Mark Cowin, Undersecretary of California Department of Food and Agriculture, Sandra Schubert, and Economist David Sunding provided an overview of BDCP in relation to other State planning efforts and discussed the statewide economic impacts and perspective on BDCP.

9. November 8, 2013 (Board Workshop) - California Department of Fish and Wildlife staff and several representatives of environmental and in-Delta interests discussed habitat restoration and conservation in the Delta and the perspectives of in-Delta users
10. November 13, 2013 (Board Workshop) - Director of Department of Fish and Wildlife Chuck Bonham, technical experts in Delta risks, and BDCP project managers discussed Delta risks, the relevance of BDCP to Delta fisheries, and plan components and analysis.
11. December 9, 2013 (Board Workshop) - Secretary of California Natural Resources Agency, John Laird and other invited guests provided perspectives on the importance of BDCP to the State, County and economy of Silicon Valley. Staff provided a preliminary analysis of BDCP benefits and costs to Santa Clara County
12. January 27, 2014 (Board Workshop) - Former Director of the San Francisco Public Utilities Commission's Water System Improvement Program, Julie Labonte, and President and CEO of Hallmark Group Capital Program Management, Chuck Gardner, described implementation of large water supply infrastructure construction projects.
13. May 27, 2014 (Board Agenda Item) - Following the five 2013–2014 District Board Workshops on BDCP, staff provided an update on Bay Delta Conservation Plan, a summary of the workshops, and responses to Board questions raised during and after the workshops.
14. July 22, 2014 (Board Agenda Item) - Staff presented draft District comments on the Public Review Draft BDCP and its EIR/EIS and on the draft BDCP Implementing Agreement for Board review for consistency with Board Policy. Staff also presented an update on the BDCP and responses to additional Board questions.
15. September 23, 2014 (Board Agenda Item) - Staff responded to questions and concerns raised by Board Members and the League of Women Voters of California with various aspects of the BDCP
16. January 22, 2015 (Board Workshop) - Staff and a panel of invited guests described the BDCP adaptive management strategy and the current scientific understanding of habitat restoration in general as well as with respect to BDCP restoration actions.
17. May 26, 2015 (Board Agenda Item) - Staff provided an update on the BDCP and described the new approach proposed by the State to separately develop California WaterFix and EcoRestore.
18. October 27, 2015 (Board Agenda Item) - Staff provided an update on the BDCP and the re-circulated draft environmental documents including draft staff comments on the re-circulated documents.
19. January 26, 2016 (Workshop) - A panel of guests provided updated information and resource agency perspectives on the California WaterFix and California EcoRestore.
20. April 15, 2016 (Board Agenda Item) - Staff provided an overview of imported water and current issues
21. July 12, 2016 (Board Agenda Item) - Staff provided an updated business case analysis and a draft District policy statement for the State Water Board hearing on the petition to change the point of diversion for the SWP and CVP
22. September 27, 2016 - Update on Implementation of the 2012 Water Supply and Infrastructure Master Plan and Development of the 2017 Water Supply Master Plan (WSMP)
23. January 31, 2017 - Update on the 2017 Water Supply Master Plan and Potential Storage Options
24. March 14, 2017 – Review and confirm proposed Principles related to the Waterfix and receive WaterFix update

25. April 25, 2017 - Update on the 2017 Water Supply Master Plan and Alternative Water Supply Strategies
26. May 9, 2017 – Updated information on the Delta Stewardship Council's Delta Plan, the District's CWF Principles relevant to the Delta Plan amendments
27. May 25, 2017 (Workshop) Guests Chuck Gardner, John Bednarski, Pat Pettiette, and Bob Goodfellow provide presentation on cost estimation, risk assessment and management, and cost control for the WaterFix
28. July 11, 2017 – Update on WaterFix and providing a schedule for future presentations through Fall 2017
29. August 22, 2017 – 1) Analysis of issues facing imported water supply reliability; 2) Update on WaterFix including proposed design and construction management and governance.
30. September 12, 2017 – California WaterFix water supply analysis, cost and water allocations, and financing.

Ad Hoc and Advisory Committee Meetings

1. March 18, 2013 – BDCP – Initial meeting, discuss and define the BDCP Ad Hoc Committee's purpose and intended outcome
2. April 9, 2013 – BDCP – 1) Review scope and purpose of the Committee; 2) Discuss the Delta Stewardship Council's Delta Plan; 3) Overview of BDCP, Chapters 104; 4) Discuss the Natural Resource Defense Council's proposed portfolio-based BDCP alternative
3. April 22, 2013 - BDCP – 1) Overview of BDCP, Chapters 104 (continued from 4/9/13); 2) Overview of BDCP, Chapters 5-7; 3) Discuss the Natural Resource Defense Council's proposed portfolio-based BDCP alternative (continued from 4/9/13)
4. May 28, 2013 – BDCP – 1) Discussion of BDCP EIR/EIS alternatives; 2) Discussion of Conservation Measure 1 Construction Mgmt Structure; 3) delta Dialogues – Discussion Group; 4) BDCP Schedule and Board Workshops
5. June 25, 2013 – BDCP – 1) Overview and discussion of Chapters 8-10; 2)Discussion of Board member communication and outreach
6. August 22, 2013 – BDCP – 1) Overview of the role of science in Delta planning; 2) Schedule for Bay Delta issues and Board communication
7. October 9, 2013 – BDCP – 1) Overview of the Role of Science in Delta Planning (carryover from August 22, 2013 meeting); 2) Update on BDCP; 3) Schedule and future agendas
8. December 17, 2013 – BDCP – 1) Discuss 2013 Board Workshops on BDCP; 2)Discuss potential 2014 Board items; 3) Discuss next steps for public outreach and engagement
9. January 13, 2014 – BDCP – 1) Discuss 2013 Special Board Workshops on BDCP; 2) Report out by Committee members on BDCP and related issues
10. January 24, 2014 – BDCP - Discuss 2013 Special Board Workshops on BDCP (Continued from 1/13/14); 2) Report out by Committee members on BDCP and related issues
11. June 3, 2014 – BDCP – 1) Updates on the BDCP and BDCP EIR/EIS; 2) Report out by Committee members on BDCP and related issues
12. July 10, 2014 – BDCP - 1) Updates on the BDCP and BDCP EIR/EIS; 2) Report out by Committee members on BDCP and related issues

- 13.** September 9, 2014 – BDCP – 1) Discuss staff responses to Board member questions on the BDCP; 2) Discuss staff responses to the BDCP comment letter from the League of Women Voters of CA; 3) Schedule for Board communication on BDCP
- 14.** October 6, 2014 – Agricultural Water Committee (BDCP Update)
- 15.** May 13, 2015 – BDCP – 1) Update on BDCP; 2) Election of Chair and Vice Chair; 3) Report out by Committee members on BDCP and related issues
- 16.** October 5, 2015 – Agricultural Water Committee (BDCP Update)
- 17.** October 13, 2015 – BDCP – 1) Update on BDCP and the recirculated draft environmental documents; 2) Report out by Committee members on BDCP and related issues
- 18.** November 24, 2015 – BDCP 1) Update on WaterFix Business Case; 2) Report out by Committee members on BDCP and related issues
- 19.** February 22, 2016 – BDCP 1) Update on Waterfix Business Case; 2) Update on the Design Construction Enterprise and related agreements; 3) Draft Policy Statement for State Water Resources Control Board proceedings
- 20.** April 4, 2016 – Agricultural Water Committee (BDCP Update)
- 21.** June 21, 2016 – BDCP – Update on WaterFix
- 22.** October 3, 2016 - Agriculture Advisory Committee - Water Supply Update, including WSMP
- 23.** October 17, 2016 – EWRC - Water Supply Update, including WSMP
- 24.** October 25, 2016 – BDCP – Update on WaterFix, EcoRestore and other Delta planning efforts
- 25.** October 26, 2016 – Water Commission - Water Supply Update, including WSMP
- 26.** November 8, 2016 - BDCP disbanded
- 27.** January 17, 2017 – Joint Board meeting with Open Space Authority - WSMP Update
- 28.** April 12, 2017 – Water Commission - 2017 WSMP Update

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